

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE UNION LIGHT,)	
HEAT AND POWER COMPANY FOR)	
AUTHORIZATION TO AMEND GAS MAIN)	CASE NO. 91-460
EXTENSION POLICY)	

O R D E R

IT IS ORDERED that The Union Light, Heat and Power Company ("ULH&P") shall file the original and ten copies of the following information with the Commission within 20 days from the date of this Order. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Careful attention should be given to copied material to ensure that it is legible.

1. Does the plan include all classes of customers, residential, commercial, and industrial?

2. Provide a breakdown by customer class of the number of extensions which would have been affected for 1989, 1990, 1991, and a projected number for 1992.

3. With reference to paragraph 2, page 2, of your application, explain in detail what other arrangements are foreseen by ULH&P.

4. With reference to page 3, Item (4), of your application, what is meant by "Need for protection from unwarranted utility

investment"? Is ULH&P obliged to extend its mains if the extension is considered uneconomical?

5. With reference to Item 4 which states that the cost of extension is not solely a function of the length, isn't it true that the cost per foot includes an average cost per foot for the total cost of extension including digging and restoration costs?

6. Provide the following information regarding the extension of the mains for 1989-91:

a. Number of construction contractors which implemented the extension of the mains each year.

b. Bid documents and construction contracts including item price for each extension in excess of two miles long.

c. Optimization studies for the major extension projects.

7. With reference to your application, Exhibit A(b), which states "This provision is not applicable to main extensions involving multiple customers or subdivisions," specify exactly which class customers are included in your proposal.

8. Explain the following:

a. How the 1.5 percent mentioned in Exhibit A(b) applies to your example in Exhibit C. Is the 1.5 percent applied to the \$78,540, \$22,950 or \$3,672?

b. Are all customers mentioned in your Exhibit C included in the 1.5 percent cost? Give an example of the cost for different consumption rate for each customer.

<u>For Example</u>	<u>MCF</u>
ABC Company	2,000
XYZ Company	1,000
Smith Company	500
Jones, Inc.	300
Residential customers	100
Other customers	100
	<u>4,000</u>

c. Is the 1.5 percent cost paid in each bill? Explain in detail, using the example in (b) above.

9. Exhibit D of your application shows an excess of \$18,564 over the required revenue. Is this excess in revenue paid back to the relevant customers? Explain in detail.

10. Prepare an analysis of the net revenue impact of the current Rider X tariff provision for the calendar years 1989, 1990, and 1991 as well as the estimated impact for calendar year 1992. This analysis should include the total costs of the main line extensions made broken down between the first 100 feet of pipeline laid and the remaining footage laid as well as the revenues recovered from such construction.

11. Prepare an analysis of the revenue and expense impact of the proposed amendment to the Rider X tariff provision. This analysis should include the revenue and expense effects for such a change had such an amendment been in full force and effect in each of the calendar years 1989, 1990, and 1991 as well as the estimated revenue and expense impact for 1992.

12. With reference to page 3, Item (4), explain what is meant by the statement that the principal shortcoming of the

current policy is that it does not weigh the prospective customer's service requirements and revenues against the Company's required investment. How is this a shortcoming?

Done at Frankfort, Kentucky, this 19th day of February, 1992.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director